

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 NSCE-00

SSO-00 USIE-00 INRE-00 OPIC-03 EB-07 AID-05 COME-00

TRSE-00 OMB-01 CIEP-01 INT-05 /071 W

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O 130906Z MAR 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC IMMEDIATE 1576

C O N F I D E N T I A L BANGKOK 4170

E. O. 11652: GDS

TAGS: EINV, TH

SUBJ: TEMCO

REF : A. BANGKOK 3968; B. BANGKOK 4120

1. SUMMARY. EMBASSY IS CONTINUING EFFORTS TO FORESTALL THE CANCELLATION OF THE TEMCO TIN MINING CONCESSION. I WILL BE SEEING FOREIGN MINISTER AGAIN TODAY (MARCH 13). TEMCO OFFICIALS WILL BE ATTEMPTING TO CONTACT PERSONS INFLUENTIAL WITH INCOMING KHUKRIT GOVERNMENT TODAY. I URGE DEPARTMENT TO CALL IN THAI AMBASSADOR TO EMPHASIZE OUR CONCERN THAT CONCESSION NOT BE WITHDRAWN. END SUMMARY.

2. THE DUTCH AMBASSADOR WILL CALL ON FOREIGN MINISTER PHICHAI RATTAKUN TODAY (MARCH 13) TO DISCUSS TEMCO AND I WILL USE THE OCCASION OF PHICHAI'S FAREWELL DINNER FOR ME TONIGHT TO REITERATE THE U.S. GOVERNMENT'S CONCERN.

3. THE FINAL ARTICLE IN THE "BANGKOK POST" SERIES ON THE TEMCO CASE APPEARED ON MARCH 13. AMONG OTHER CONSEQUENCES OF CANCELLING THE CONCESSION IT INCLUDED THE IMPACT ON ECONOMIC RELATIONS WITH THE U.S. THESE WERE, ACCORDING TO THE "POST":

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"...FUTURE NEGOTIATIONS ON THE TEXTILE QUOTA LEVEL

WOULD END UP TO THAILAND'S DISADVANTAGE IF THE TEMCO CONCESSION IS CANCELLED. WE WOULD ANTICIPATE THAT THE UNITED STATES TEXTILES MARKET, ALREADY NOT VERY SATISFACTORY, WOULD BE CLOSED EVEN FURTHER TO OUR EXPORTS."

"...THE UNITED STATES TRADE ACT PROVIDES PREFERENCES TO MANUFACTURED GOODS IMPORTED INTO THE UNITED STATES FROM DEVELOPING COUNTRIES. THESE PREFERENCES COULD, UNDER THE LAW, BE DENIED TO THAI PRODUCTS IF TEMCO IS EXPROPRIATED WITHOUT COMPENSATION. THIS IS NOT VERY SERIOUS AT THIS TIME, BUT IT DOES CUT OFF A MAJOR MARKET FOR POTENTIAL EXPORTS."

"...EXPROPRIATION OF A UNITED STATES INVESTMENT MAY MAKE IT DIFFICULT BOTH TO OBTAIN FINANCING AND TO INSURE FUEL SUPPLIES FROM THE U.S. FOR THE NUCLEAR POWER PLANT THAT THE GOVERNOR OF EGAT RECENTLY URGED BE STARTED. UNFORTUNATELY, THIS IS A SELLERS MARKET FOR NUCLEAR POWER REACTORS AND REACTOR PRODUCTION IS SOLD WELL AHEAD. REACTORS ARE AVAILABLE FROM OTHER COUNTRIES, BUT THAT WOULD REQUIRE REDESIGN OF EGAT'S PROJECT RESULTING IN SUBSTANTIAL DELAYS."

"PROJECTED AMOUNTS OF AID FROM THE UNITED STATES DURING THE NEXT YEAR MILITARY AND ECONOMIC ARE SAID TO BE \$15-20 MILLION, COMPARED TO ABOUT \$100 MILLION FOUR YEARS AGO. SO THE POSSIBLE LOSS OF AID IS NOT GREAT. NEVERTHELESS, WE CANNOT EXPECT THE AMERICANS TO TAKE KINDLY TO AID REQUESTS IF TEMCO IS CANCELLED."

4. I STRONGLY URGE THAT AMBASSADOR ANAN BE CALLED IN BY THE DEPARTMENT MARCH 13 TO EMPHASIZE TO HIM U.S. CONCERN ABOUT THE POSSIBLE CONSEQUENCES OF WITHDRAWING THIS CONCESSION. AS I STATED IN REFTEL B, TEMCO HAS BECOME A PAWN IN THE DOMESTIC POLITICAL STRUGGLE. HOPEFULLY, ANAN CAN ADD WEIGHT TO OUR EFFORTS HERE BY POINTING OUT POSSIBLE CONSEQUENCES OF A RASH AND QUESTIONABLE ACTION BY THE CARETAKER GOVERNMENT DURING ITS LAST HOURS IN OFFICE.

5. P.J.L. LYONS, MANAGING DIRECTOR OF TEMCO, CALLED ON ECONOMIC/COMMERCIAL COUNSELOR THIS MORNING. HE WILL ATTEMPT TO TALK TO KHUKRIT PRAMOT TODAY. LYONS KNOWS BUNCHU ROTCHANASATHIAN AND PHON (PAUL) SITTHI-AMNUAI, BOTH CONFIDENTIAL

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INFLUENTIAL WITH KHUKRIT ON ECONOMIC MATTERS, AND HE IS CONFIDENT HE CAN REACH THEM TODAY. LYONS HOPES TO INDUCE KHUKRIT TO LODGE A STRONG APPEAL WITH HIS BROTHER SENI NOT TO ACT ON THE TEMCO MATTER DURING THESE LAST DAYS IN OFFICE. KINTNER

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